

HOUSE BILL 2833

By Kisber

AN ACT to amend Tennessee Code Annotated, Section 67-4-1906, relative to exemptions from the rental car tax.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-1906, is amended by deleting such section in its entirety and by substituting instead the following:

Section 67-4-1906. (a) The provisions of this part do not apply to the following rentals of motor vehicles:

(1) To a church, or to a nonprofit religious organization which has received a determination of exemption from the Internal Revenue Service under § 501(c)(3) of the Internal Revenue Code and is currently operating under it; provided, that the church or nonprofit religious organization holds a current certificate of sales or use tax exemption from the department of revenue pursuant to § 67-6-322;

(2) To a manufacturer or distributor of motor vehicles or to the obligor under an extended service contract for use by the purchaser of a motor vehicle during the period such purchaser's vehicle is undergoing repairs under its express warranty, or extended service contract;

(3) To a customer of a franchised motor vehicle dealer whose motor vehicle is undergoing repairs other than under an express or extended warranty and who is provided the temporary use of a vehicle by the dealer at no cost or charge to the customer for purposes of promoting "goodwill" or good customer relations; or

(4) To an employee of a franchised motor vehicle dealer for the personal use at no cost or charge to the employee pursuant to a rental vehicle use allowance earned by the employee for performance as an employee of the dealer.

(b) This section shall have retroactive application to tax years beginning January 1, 1996.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.